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Message Text

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12
ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 FEA-02 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 DRC-01 /148 W
---------- 062131
R 140607Z AUG 74
FM AMEMBASSY KUWAIT
TO AMEMBASSY JIDDA
INFO SECSTATE WASHDC 0539
AMCONSUL DHAHRAN

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E.O. 11652: N/A
TAGS: ENRG, KU
SUBJECT: ADELMAN ON OIL PRICES

REF: JIDDA 4626

1. FOR GOOD RECENT ANALYSIS KUWAIT CRUDE PRICES SUGGEST YOU READ ARTICLE BEGINNING PAGE 1 JULY 22 PIW. AS NOTED IN THAT ARTICLE BLENDED PRICE TO GULF/BP OF KUWAITI CRUDE SIGNIFICANTLY DETERMINED BY AMOUNT EXPENSIVE BUY-BACK CRUDE COMPANIES BUY. RECENT AGREEMENT ON BUY-BACK PRICE HAS BEEN APPLIED RETROACTIVELY TO PURCHASES MADE DURING FIRST SIX MONTHS 1974. DURING THIS PERIOD GULF/BP BOUGHT 95 PERCENT TOTAL PRODUCTION AND BLENDED PRICE TO THEM FOR KUWAIT CRUDE WAS $9.240-$9.300, WHICH NOT MUCH LESS THAN $9.500 AVERAGE PRICE FOR SAUDI CRUDE CALCULATED IN REFTEL.

2. HOWEVER, AS PIW ANALYSIS SHOWS, NOW THAT GULF/BP HAVE SIGNIFICANTLY REDUCED AMOUNT GOK CRUDE THEY BUYING BACK, RELATIVE WEIGHT THIS EXPENSIVE CRUDE HAS IN BLENDED PRICE IS REDUCED SO THAT PRESENT TOTAL COST TO COMPANIES OF KUWAIT CURDE
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DURING JULY-SEPTEMBER PERIOD IS $8.685, ABOUT $1 LESS PER

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BARREL THAN SAUDI AVERAGE.
STOLTZFUS

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